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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

Federal Communications Commission  
Office of Secretary

In the Matter of	)	DOCKET FILE COPY ORIGINAL
	)	
800 Data Base Access Tariffs and	)	
the 800 Service Management System	)	CC Docket No. 93-129
Tariff and	)	
	)	
Provision of 800 Services	)	CC Docket No. 86-10

PETITION FOR RECONSIDERATION

Pursuant to Section 1.106 of the Commission's Rules, 47 C.F.R. § 1.106, AT&T Corp. ("AT&T") hereby seeks reconsideration of the Commission's Report and Order in the above-captioned proceeding,<sup>1</sup> to the extent that it failed to require local exchange carriers ("LECs") to refund the revenues already generated under the price cap indices ("PCIs") that the Commission correctly determined to be unlawful. Because the LECs' PCIs improperly included exogenous costs of \$34.1 million for each of the last three and a half years, the Commission should order the LECs to effect a one-time PCI reduction of \$153.4 million (in addition to the on-going prospective PCI adjustment of \$34.1

<sup>1</sup> 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services, Report and Order, CC Docket Nos. 93-129 and 86-10, released October 28, 1996 ("Report and Order").

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million), by requiring each LEC to reduce its PCI by an appropriate amount.<sup>2</sup>

The Commission, in CC Docket 86-10,<sup>3</sup> required all LECs to file tariffs to govern their offering of access service using the LEC 800 data base system. In response, the price cap LECs filed their 800 data base tariffs which included, in their PCI calculations, exogenous costs allegedly associated with the 800 data base system. The Commission suspended the LECs' tariffs for one day, imposed an accounting order and instituted an investigation to determine, among other things, whether the price cap LECs' 800 data base rates are reasonable.<sup>4</sup> In particular, the

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<sup>2</sup> AT&T calculated the one-time PCI reduction by including the \$34.1 million disallowance for each of the last three and a half years plus interest at 11.25%. See Attachments 1 and 2 which show the PCI reductions by LEC. This interest rate is the rate applied by the LECs when calculating the PCI reductions under their sharing obligation.

<sup>3</sup> See Provision of Access 800 Service, CC Docket No. 86-10, Notice of Proposed Rule Making, 102 F.C.C.2d 1387 (1986); Supplemental Notice of Proposed Rule Making, 3 FCC Rcd 721 (1988); Report and Order, 4 FCC Rcd 2824 (1989); Memorandum Opinion and Order on Reconsideration and Second Supplemental Notice of Proposed Rule Making, 6 FCC Rcd 5412 (1991); Second Report and Order, 8 FCC Rcd 907 (1993) ("Rate Structure Order"); Memorandum Opinion and Order on Further Reconsideration, 8 FCC Rcd 1038 (1993); Order, 8 FCC Rcd 1423 (1993); Order, 8 FCC Rcd 1844 (1993); Memorandum Opinion and Order on Reconsideration, FCC 95-487 (December 7, 1995).

<sup>4</sup> See The Bell Operating Companies' Tariff for the 800 Service Management System, Tariff F.C.C. No. 1 and 800 Data Base Access Tariffs, Order, 8 FCC Rcd 3242 (1993)

Designation Order sought to determine whether all of the costs included in the LECs' calculations of relevant exogenous costs were actually incurred specifically for the implementation of basic 800 data base service.<sup>5</sup>

In the Report and Order the Commission disallowed certain exogenous costs which it found not to have been incurred specifically for the implementation of basic 800 data base service. Accordingly, the Commission ordered the price cap LECs to adjust their PCIs downward by an aggregate \$34.1 million,<sup>6</sup> on a prospective basis, to reflect the disallowances of their overstated exogenous costs.<sup>7</sup>

By ordering only a prospective PCI adjustment, the Commission failed to consider its own accounting order in this proceeding, which contemplates and provides for refunds of any amounts collected above those to which the LECs are justly entitled.<sup>8</sup> The LECs' PCI calculations for 1993

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(footnote continued from previous page)

("Suspension Order"); 800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order Designating Issues for Investigation, 8 FCC Rcd 5132 (1993) ("Designation Order").

<sup>5</sup> Rate Structure Order, 8 FCC Rcd at 911.

<sup>6</sup> See Report and Order, Appendix D.

<sup>7</sup> See id., paras. 307-15.

<sup>8</sup> See Suspension Order at 3242; BellSouth Telecommunications Inc. Revisions to Tariff F.C.C. No. 1, Order, 10 FCC Rcd 1769 (1995).

through 1996 were overstated by \$34.1 million each full year, because they improperly included the same exogenous costs that were disallowed by the Commission in the Report and Order. Consistent with the accounting order, the LECs should also be required to reduce the PCI by a one-time reduction of \$153.4 million, which includes interest.<sup>9</sup>

Because the Commission failed to consider and address this significant refund issue, which it raised by virtue of its own accounting order, the Commission should reconsider its Report and Order and require the LECs to refund the disallowed exogenous costs included in their PCI

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<sup>9</sup> Section 204(a) of the Communications Act, 47 U.S.C. §204(a), "requires interest when a rate is investigated and found not justified." Policy and Rules Concerning Rates for Dominant Carriers, Order on Reconsideration, 6 FCC Rcd 2637, 2685 (1991). See Attachments 1 and 2.

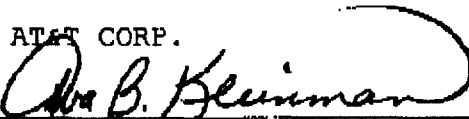
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calculations for the past three and a half years by reducing their PCIs, on a one-time basis, by an aggregate \$153.4 million.

Respectfully submitted,

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November 27, 1996

**800 DATABASE ORDER  
3 1/2 YEAR COMPOUND INTEREST CALCULATION  
FOR PCI OVERSTATEMENT**

	PCI OVERSTATEMENT DURING 1ST YR	YR1 Interest	Principle + Interest	YR 2 Interest	Principle + Interest	YR 3 Interest	Principle + Interest	6 Mo.'s Principle + Interest	6 Mo.'s Interest	TOTAL 3 1/2 YR INTEREST
AMERITECH	\$5,045,749	\$567,647	\$5,613,396	\$631,507	\$6,244,903	\$702,552	\$6,947,454	\$3,473,727	\$390,794	\$2,292,500
BELL ATLANTIC	\$6,927,736	\$779,370	\$7,707,106	\$867,049	\$8,574,156	\$964,593	\$9,538,749	\$4,769,374	\$536,555	\$3,147,567
BELL SOUTH	\$43,355	\$4,877	\$48,232	\$5,428	\$53,660	\$6,037	\$59,696	\$29,848	\$3,358	\$19,898
NYNEX	\$1,697,885	\$179,782	\$1,777,647	\$199,885	\$1,977,632	\$222,484	\$2,200,118	\$1,100,058	\$123,757	\$725,888
PACIFIC	\$8,079,457	\$883,939	\$8,763,396	\$780,882	\$7,524,278	\$846,481	\$8,370,759	\$4,185,380	\$470,855	\$2,782,157
SW BELL	\$788,844	\$88,520	\$875,364	\$98,478	\$973,842	\$109,657	\$1,083,400	\$541,780	\$68,941	\$367,497
US WEST	\$3,182,951	\$358,082	\$3,541,033	\$398,368	\$3,939,399	\$443,182	\$4,382,582	\$2,191,291	\$246,529	\$1,446,151
GTE	\$6,372,301	\$716,884	\$7,089,185	\$797,533	\$7,886,718	\$887,258	\$8,773,974	\$4,386,987	\$493,536	\$2,895,299
SNET	\$516,832	\$68,144	\$574,976	\$64,885	\$639,860	\$71,962	\$711,822	\$355,811	\$40,029	\$284,819
UNITED	\$3,677,940	\$402,417	\$3,979,457	\$447,889	\$4,427,146	\$498,054	\$4,925,200	\$2,462,600	\$277,042	\$1,825,202
<b>TOTAL</b>	<b>\$34,130,150</b>	<b>\$3,838,642</b>	<b>\$37,968,792</b>	<b>\$4,271,602</b>	<b>\$42,241,393</b>	<b>\$4,752,167</b>	<b>\$46,993,660</b>	<b>\$23,496,775</b>	<b>\$2,643,387</b>	<b>\$15,506,787</b>

**800 DATABASE ORDER  
2 1/2 YEAR COMPOUND INTEREST CALCULATION  
FOR PCI OVERSTATEMENT**

	<b>PCI OVERSTATEMENT DURING 2ND YR</b>	<b>YR1 Interest</b>	<b>Principle + Interest</b>	<b>YR 2 Interest</b>	<b>Principle + Interest</b>	<b>2 YR 8 Mo.'s Principle</b>	<b>INTEREST @ 11.25% 8 Mo.'s</b>	<b>TOTAL 2 1/2 YR INTEREST</b>
AMERITECH	\$5,045,749	\$587,647	\$5,613,396	\$631,507	\$6,244,903	\$3,122,451	\$351,276	\$1,560,430
BELL ATLANTIC	\$6,927,736	\$779,370	\$7,707,106	\$867,040	\$8,574,166	\$4,287,078	\$482,296	\$2,128,718
BELL SOUTH	\$43,365	\$4,877	\$48,232	\$5,426	\$53,659	\$26,829	\$3,018	\$13,322
NYNEX	\$1,587,886	\$179,762	\$1,777,647	\$199,986	\$1,977,632	\$988,816	\$111,242	\$480,989
PACIFIC	\$6,079,457	\$683,939	\$6,763,396	\$760,882	\$7,524,278	\$3,762,138	\$423,241	\$1,888,082
SW BELL	\$786,844	\$88,520	\$875,364	\$98,478	\$973,842	\$486,821	\$54,779	\$241,777
US WEST	\$3,182,961	\$358,082	\$3,541,033	\$398,386	\$3,939,399	\$1,969,700	\$221,591	\$878,099
GTE	\$6,372,301	\$716,884	\$7,089,185	\$797,633	\$7,886,718	\$3,943,368	\$443,628	\$1,968,045
SNET	\$516,832	\$58,144	\$574,976	\$64,685	\$639,660	\$319,830	\$35,981	\$158,800
UNITED	\$3,577,048	\$402,417	\$3,979,457	\$447,689	\$4,427,146	\$2,213,573	\$249,027	\$1,099,133
<b>TOTAL</b>	<b>\$34,130,150</b>	<b>\$3,839,642</b>	<b>\$37,969,792</b>	<b>\$4,271,802</b>	<b>\$42,241,363</b>	<b>\$21,120,897</b>	<b>\$2,376,078</b>	<b>\$10,487,322</b>

**800 DATABASE ORDER  
1 1/2 YEAR COMPOUND INTEREST CALCULATION  
FOR PCI OVERSTATEMENT**

	<b>PCI OVERSTATEMENT DURING 3RD YR</b>	<b>INTEREST @ 11.25% PER YR 1 YR</b>	<b>Principle + Interest</b>	<b>1 YR 6 Mo.'s Principle</b>	<b>INTEREST @ 11.25% 6 Mo.'s</b>	<b>TOTAL 1 1/2 YR INTEREST</b>
AMERITECH	\$5,046,749	\$567,647	\$5,613,396	\$2,806,698	\$315,754	\$883,400
BELL ATLANTIC	\$6,927,736	\$779,370	\$7,707,106	\$3,853,553	\$433,526	\$1,212,895
BELL SOUTH	\$43,355	\$4,877	\$48,232	\$24,116	\$2,713	\$7,591
NYNEX	\$1,597,885	\$179,782	\$1,777,647	\$888,824	\$99,993	\$279,755
PACIFIC	\$6,079,457	\$683,939	\$6,763,396	\$3,381,688	\$380,441	\$1,064,380
SW BELL	\$786,844	\$88,520	\$875,364	\$437,682	\$49,239	\$137,759
US WEST	\$3,182,951	\$358,082	\$3,541,033	\$1,770,516	\$199,183	\$557,265
GTE	\$6,372,301	\$716,884	\$7,089,185	\$3,544,592	\$398,787	\$1,115,651
SNET	\$516,832	\$58,144	\$574,976	\$287,488	\$32,342	\$90,486
UNITED	\$3,577,040	\$402,417	\$3,979,457	\$1,989,729	\$223,844	\$626,281
<b>TOTAL</b>	<b>\$34,130,150</b>	<b>\$3,839,642</b>	<b>\$37,969,792</b>	<b>\$18,984,896</b>	<b>\$2,135,801</b>	<b>\$5,975,443</b>



## ATTACHMENT 1D

**800 DATABASE ORDER  
6 MONTH COMPOUND INTEREST CALCULATION  
FOR PCI OVERSTATEMENT**

	<b>PCI OVERSTATEMENT DURING 6 MONTHS</b>	<b>6 Mo.'s Principle</b>	<b>TOTAL 6 MONTHS INTEREST</b>
AMERITECH	\$5,045,749	\$2,522,876	\$283,823
BELL ATLANTIC	\$6,927,736	\$3,463,868	\$389,685
BELL SOUTH	\$43,355	\$21,678	\$2,439
NYNEX	\$1,597,885	\$798,943	\$89,881
PACIFIC	\$6,079,457	\$3,039,729	\$341,989
SW BELL	\$786,844	\$393,422	\$44,260
US WEST	\$3,182,951	\$1,591,476	\$179,041
GTE	\$6,372,301	\$3,186,151	\$368,442
SNET	\$616,832	\$258,416	\$29,072
UNITED	\$3,577,040	\$1,788,520	\$201,209
<b>TOTAL</b>	<b>\$34,130,150</b>	<b>\$17,065,075</b>	<b>\$1,919,821</b>

**800 DATABASE ORDER  
DISALLOWED COSTS WITH GROSS UP AND INTEREST**

	<u>DISALLOWED COSTS*</u>	<u>GROSS UP FOR 3 1/2 YEARS</u>	<u>INTEREST** @ 11.25% PER YR 3 1/2 YRS</u>	<u>TOTAL EXOG. COSTS</u>
AMERITECH	\$5,045,749	\$17,660,122	\$5,010,163	\$27,716,023
BELL ATLANTIC	\$6,927,736	\$24,247,076	\$6,878,863	\$38,053,676
BELL SOUTH	\$43,356	\$151,743	\$43,049	\$238,147
NYNEX	\$1,597,885	\$5,592,598	\$1,586,612	\$8,777,095
PACIFIC	\$6,079,457	\$21,278,100	\$6,036,588	\$33,394,126
SW BELL	\$786,844	\$2,753,954	\$781,293	\$4,322,091
US WEST	\$3,182,951	\$11,140,329	\$3,160,496	\$17,483,776
GTE	\$6,372,301	\$22,303,054	\$6,327,346	\$35,002,701
SNET	\$516,832	\$1,808,912	\$513,186	\$2,838,930
UNITED	\$3,577,040	\$12,519,640	\$3,551,805	\$19,648,485
<b>TOTAL</b>	<b>\$34,130,150</b>	<b>\$119,455,525</b>	<b>\$33,889,373</b>	<b>\$187,475,048</b>

\* Exogenous Cost Disallowance as reported in Appendix D of Report and Order CC Docket 93-129.

\*\* See Attachments 1A through 1D for calculation of Interest.

CERTIFICATE OF SERVICE

I, Rena Martens, do hereby certify that on this 27th day of November, 1996, a copy of the foregoing AT&T Corp. "Petition for Reconsideration" in CC Docket No. 93-129 was mailed by U.S. first class mail, postage prepaid, to the parties listed on the attached Service List.

  
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